P

G. R. S. 58]

Previous references.

Def 264 pt-27

1916-17

(8.(2))

File No. 75-46

Serial Nos. 1-3

Later references.

GENERAL AND REVENUE SECRETARIAT.

F 1:56

Serial Nos. 1-3

Part B for August 1916

SUBJECT.

Questions raised in regard to Budget Procedure-

No 3.

No

The Comptroller-& Other

Heads of Departments

No. "H" 1326-75 Dt 30-8-1916.

Extends to the end of December

of each year the period during

which the proposals for revisions

of Establishment may be submitted

re Pauliena's 25 cadres 11-9-1916

to Govt.

W D 1351—GPB—20,000—13-12-15

No. 84

Office of the Special Officer
Bangalore, 6th February '17.

My dear Mr. Narasinga Rao,

I return herewith the file of papers connected with certain suggestions made by Mr. Banerji, in regard to Budget procedure, received with your D.O. No. Cs.224 dated 6th November '16.

Yours sincerely,

K. L. Datta

G. R. S. 11]

GENERAL AND REVENUE SECRETARIAT.

(S.R)

NOTES.

File No. 75-6

FILE HEADING.

Questions raised in regard to the Budget Procedure—

From

No. Dated Received

Diary No. Enclos. Spare Copies. Serial No.

BRIEF ABSTRACT OF LETTER.

NOTES AND ORDERS.

1930

NOTES—First Sheet.

1397/16

C.S.142 (2) (2

Questions raised by the First Member of Council in regard to Budget procedure.

OPINION OF THE COUNCIL.

2. The draft of informal prop: of the Council, put up herewith, may be approved. After approval, the file will be sent to the Finances for further action.

First Member
J Dewar

3. Opened with rights reserved.
Correction.
I presume the budget as a whole is submitted both with the C. resolutions proceedings which refer to my notes & memoranda there (three altogether) will also go with them

21.

4. Action may be taken accordingly.

22.7.16.

4.19
21.7.16.

5 This may be submitted in continuation of the budget file. M/s Finance will kindly prepare a brief draft of a submission note specifying the papers.

24/7

6 Dft submitted up

Fraser

543
26.7.16

Dewar

25/7

Submitted to His Highness.

7 In continuation of my Submission Note No.5389 dated 25th July 1916 soliciting final sanction to the Budget estimates for 1916-1917, I submit the accompanying file of papers relating to certain questions raised by the First Member of Council in connection with the Budget.

8 2. The questions were considered by the Council informally on the 15th July 1916 and its opinion is given in paper marked (12) in the file.

9 3. I solicit that the opinion of the Council may be graciously approved.

M. Vigoroux

18th Aug 1916.

P.D.O

(4

Record of Cases submitted for the Orders of His Highness the Maharaja

Subject.

60 *Questions raised by the First Member of Council in regard to Budget procedure.*

147

Order.

~~KRW~~

7/8/16

12 Sunday
8.8.16

Secy/V

MS 7/8
To for necessary action
M
10/8

(5

G. R. S. 12]

General and Revenue Secretariat.

S-F1 File No. 75 of 1916.

Action to be taken is indicated below:

Serial No.

14

Item 1. Budget Procedure.

Revision of the existing rules and practice regarding budget procedure is one of the items of work of the Special Officer. ~~Please see~~ included as item (5) under para 2 of G.O. no: Gr 1326-77-G.M: 184-16-1 dated 29th July 1916 a separate file is opened as under —

(Separate file linked)

15.

This item has been disposed of by the separate file having been referred to the Spl. officer.

M
19/8

L

6

Item 2 Date of Submission of the Budget.

A letter is put up to Comptroller pointing out that the due date is the 15th May and that the date of Submission however was the 1st June and stating that the due date should be adhered to in future. He may also be told that in G.O. no: H 568-617-G.F. 220-15-1 dated 24th July 1916 delay in Submission of budgets by departmental officers has been duly noticed.

Subd

17

Draft appd

M
19/8

U

18

Item 3. Rough Consolidated figures.

The order that rough figures should be Subd by 1st May and final ones by 1st June will be noted in the budget procedure book.

9

Put up a draft order to Comptr

M
19/8

NOTE—Contn. sheet.

GPB —70,000—17-12-15

G. R. S. 12]

General and Revenue Secretariat. | G.F. File No. 75 of 1916.

Serial No.

23 Yes Mr 19/8

period for submission of proposals to the end of Dec^r be put up?

24 6 Railway Finance

A draft letter is put up to Comptroller and Railway Secretary for sending a list of all questions relating to Railway Finance and Ry administration in connection with the Companies & Ry Boards. A new file is opened. Ry finance is one of the subjects included in the order appointing Mr Datta.

Sanctioned

25 Drafts initialled & the new file sent for by 1st member & item to be put up in the file.

M 19/8

(linked file)

M 19/8

26 7. This will be noted for guidance

27 8. Order of 6th May 1907

It is understood that this is being already considered by General Secretary in another connection. This may perhaps be sent to him.

28. The Dewan has desired (orally) that in any action that may be taken by the Genl Secy about the order of 6.5.07 the Genl Secy shd be consulted. Let Genl Secy know this M 19/8

29 9 Review of the present Financial Position.

30 Sent to Mr Datta (linked file) M 19/8

31 A Separate file will be started for this

Clear 37 Separate files have been opened & have put up for perusal 19/8 16

NOTE—Contn. sheet.

GPB—70.000—17-12-15

H Mis 246 of 16

(8

G. R. S. 12]

General and Revenue Secretariat.

S. R. File No. 75 of 1916.

Serial No.	
	33 Opened to Mr Datta (Reserved) hg 16/8
	Mr 19/8
	34 Submit item 3 put up draft & for item 5 open a new file, & make the ~~inform~~ necessary particulars for being sent on to (Reserved - Some draft relating to item 2. hg 19/8
Sent to Typing Section 19/8/16	
	35 Subm: Drafts on items 3 & 5 put up. Separate file on item 8 opened and linked for Subm to Govt Secy (Secret to Govt)
Mis 242 of 16 Subst Govt Secy 21-8-16	
Hon Mr 19/8/16 21	36 (Reserved) Drafts re 3 & 5 may be appd hg 21/8/16
	Mr 21/8 2nd Member hg
2000 24.8.16	37 Drafts submitted Mr
	38 21/8 Issue at once hg

P.T.O

NOTE—Contn. sheet.

GPB—70.000—17-12-15

Serial no:	Contents
1	First Member's note dated 10.6.16 on the Budget for 1916-17
2	Proposals of the Finance Dept on the points dealt with in the First Member's minute dt 10.6.16 on the draft budget for 1916-17
3	Draft D.O. letter dated 11.6.16 from the Dewan to the First Member
4	Telegram dated 17.6.16 from the First Member to the Dewan
5	Draft D.O. letter dated 18.6.16 from the Dewan to the First Member
6	Diary of Budget Estimates
7	Further note dt 20.6.16 of the First Member on the Budget Estimates for 1916-17
8	Analysis of further note of the First Member on the Budget Estimates 1916-17, dated 20.6.16
9	D.O. letter dated 20.6.16 from the First Member to the Dewan
10	First Member's note dated 11th July 1916
11	Proposals of the Finance Dept on the First Member's minute dt 11.7.16
12	Questions raised by the First Member of Council in regard to Budget procedure &c. ~~20-7-16~~ and the opinion of the Council.

P.D.O

Limited (1)

FIRST MEMBER'S NOTE ON THE BUDGET ESTIMATES FOR 1916-27.

.....

The estimates came up for consideration in Council on the 8th June 1916 along with a very large number of Council subjects. The estimates were put up before me on the 6th June thus allowing only 2 days for a detailed study of the figures. I remarked on the file that there was not sufficient time given to consider this most important matter. I therefore returned it. Thereupon the Comptroller made a note that the papers might be kept as copies have been given to each Member and I was referred to the Comptroller's Major head notes and the Departmentwar list prepared in the Secretariat.

Within the short time given, I prepared a few notes on the morning of the 8th instant and was able to bring forward in Council certain suggestions regarding the consideration of the budget estimates. I give below a summary of the observations then made:-

Sufficient time has not been given to the Members of Government to consider the consolidated estimates. It is observed that according to the budget rules, the latest date of submission by the Heads of Departments is the 1st of March and the latest date of submission by the Comptroller is the 15th of May so far as the consolidated lists are concerned. There has therefore, been three weeks' delay in the submission of the consolidated General Budget Estimates. If the time given to the Comptroller to compile is considered insufficient, then the date fixed for the Heads of Departments should be changed and Government should insist on the

(12

submission of the consolidated compiled General Budget not later than the 15th of May as already laid down. Those estimates cannot be regarded as a mere matter of routine and it would be only a platitude to urge that all the Government operations and the general administration of the State depend entirely on its finances.

(6)

The present system disallows a comprehensive review of the whole financial situation. There is concentrated attention given to departmental requirements thereby leading to excess estimates and expenditure and in many cases leading to large lapses. The Secretariat figures as disclosed in the very brief and perfunctory note submitted to the Members by the Financial Branch work out an abnormal deficit as the net result of the estimates without a word of explanation or attempt to balance the two sides of the budget. There are no abnormal conditions to justify any deficit as the detailed examination of the main items of revenue and expenditure will show. Taking, however, into consideration the financial stress that exists owing to the large outgoings that have taken place and that are proposed in the future, it was considered necessary to stop all additions to permanent establishments pending detailed investigation, exception being made only in the case of the Land Revenue Department for which a small sum of Rs.6,000 is proposed to be provided, which is sure to be out-balanced by additional incoming revenue.

(7)

Taking the RECEIPTS into consideration, there is no reason why the land revenue receipts should not be advanced by another half a lakh. As a matter of fact, the arrears in the Land Revenue Department amount to nearly 18 lakhs and if stringent measures are adopt-

ed

adopted (and in this respect steps have already been taken by me) there is no reason why 3 or 4 lakhs should not be collected within the next year. The actual receipts of 1912-13 and 1913-14 were 105 lakhs. It is clear - that the collections have fallen off. With strenuous efforts, the land revenue receipts should come up to more than the budget estimates of the current year, viz. 106½ lakhs. At all events the estimates for 1916-17 can safely be put down at 106½ lakhs. The Income revenue should also be raised by another 5 lakhs being the revised estimate of the current year. This is justified by the results of the contracts and sales already effected. The Forest Revenue could be advanced by another half a lakh having regard to the removal of the departmental Saw-mill to Shimoga and other measures likely to increase the resources of the Department. The above proposals straightway give an additional revenue of 6 lakhs which taken with the Secretariat figure of 277 lakhs makes the total roughly to 28⅔ lakhs.

(8) (9) (10)

Now, there is no reason why the general estimate of receipts should fall below even the actual of 1914-15, which was just over 282½ lakhs. The Heads of Departments have estimated the revenue at nearly 286 lakhs, the Comptroller's figure being 281 lakhs. Echoe, 284 lakhs ~~as proposed above~~ would be a very safe room figure to adopt. The Comptroller, however, has now corrected his estimates at least under two heads:- (i) 23 - by 1,46,000; & (ii) B. 9A - by 1,50,000.

(11) even

Turning now to the ~~expenditure~~ EXPENDITURE, the recurring expenses taken together with the several - schemes and items already sanctioned provisionally by Government bring the total to about 284 lakhs. To this has to be added a sum of Rs.18,646 subsequently sanctioned and other items which are pending consideration and which are shown in a long list prepared by the Se-

(14)

Secretariat giving a total of over 10 lakhs. Taking the actuals of previous years -

1914-15 shows a total expenditure of 292 lakhs; the revised estimate of the current year shows an expenditure of 261 lakhs involving a lapse of nearly 12 lakhs. (12) The expenditure in 1912-13 and 1913-14 was 240 and 275 lakhs respectively. These large variations appear to indicate the unstable financial arrangements, as they exclude capital outlay not debited to expenditure.

There is always a limited capacity in the several spending departments to utilize the allotments given. Take for instance, Education, Agriculture &c. Under Education, the actuals of 1914-15 were 15 lakhs and the revised estimate of the current year is 18 lakhs although the budget estimate was 20 lakhs. In the budget under discussion, the Secretariat has put down 28½ lakhs (13) as the budget grant which is obviously an impossible figure up to which the department cannot possibly be expected to work. Having regard to the actuals of previous years and the limited capacity to extend and develop the operations of the department on an efficient scale, it would be inexpedient to provide for anything more than ~~28~~ 24 lakhs - at the outside, leaving the building allotment for the University out of consideration.

With reference to the list of items for consideration, the following suggestions were made by me in Council: (14.1)

Omit all items except the following -

	Revision of the Revenue Commr's office.	6,000
Note. - As against this 30,000, the estimate under Forest revenues has been increased by 50,000.	Forest Saw-mills	20,000
	Special expenditure to develop Forests.	10,000
	Excise Reserve staff.	6,000
	Forest School.	5,000

Comptroller's office.	6,000
Removal of the Saw-mill.	4,000
Experimental work under Economic Conference	25,000
Additional grants to the Aided Village Elementary Schools to make up a total of 2 lakhs.	34,100
Mysore and Bangalore Technical Schools.	50,000
Additional provision for agricultural implements.	4,250
Medical relief in rural parts.	18,600
Additional Veterinary establishment. (This is hanging fire for many years and a beginning should be made).	5,000
To this, the Comptroller desired to add -	
Village Savings Banks.	7,600
Relief to Barr Infantry.	10,000
Bangalore City Improvement	1,00,000
Water supply in towns & Town-planning operations.	1,00,000
	4,11,550

The Comptroller's proposal in Council amounted to this - To balance the Revenue and Expenditure and to leave a surplus of one lakh. This he intends to effect by additional revenue of 2,96 under C & M Station and C.P.S. reverme by omitting buildings on account of University and adding the amount to the P.W.budget raising the P.W.grant by one lakh and other adjustments. This was generally approved in Council subject to the modifications made.

The above involved (1) the confirming of the provisional sanctions granted so far as the consolidated total of 284 lakhs, as worked up by the Secretariat, was concerned, except that the Education grant was reduced to 24 lakhs;

(2) the additional sanction of Rs.18,646 according to the list of 19 items; and

(3) further additional provision for various purposes amounting to

16

a total sum of Rs.4,11,550 so far as some selected items in the list reserved for consideration are concerned as given above; also grants for the following purposes:-

Expenses connected with Mr.Hart's visit.....	2,000
Local allowance to Mr.Revonna.....	~~1,200~~ 600
Government Commercial School.....	3,176
Iron ore tests.....	2,000
making a total of	4,19,826.

As regards the Education budget, the Comptroller's proposal as already stated was to eliminate the University buildings from that budget and debit it to the P.W.D. budget raising the P.W.grant by one lakh.

The Comptroller has since circulated a Memorandum embodying these proposals and working out the figures as they stand now, which are -

Total Revenue.....	285,68,000
Total expenditure.....	284,68,000

leaving a working balance of one lakh.

The above proposals involve the postponement of the following in regard to which there has been considerable discussion in the past and implied promises on the part of the Govt., to effect improvements:-

Omit
omit
omit
omit
Separation of the Executive & Judicial functions.
Re-organization of the Registration Department.
Revision of the establishment of the Chief Court.
Police reforms.
Re-organization of the Sanitary Department.
Re-settlement operations.
Forest Settlement.

I suggested that, if the executive and judicial functions are to be separated and the Registration Deptt: is to be re-organized a sum of Rs.50,000 may be provided for the combined schemes. As, however, it may take some time to work out details and bring any scheme that may be eventually sanctioned into effect, it may be expedient to provide only 25,000 for the purpose with a view at least to show that the Govt., are in earnest about the matter. Another 25,000 should be given for police reforms.

It is necessary also to point out that in connection with the Local Self-Government Scheme, Budget head - 4,

Assessed Taxes, may undergo revision.

There is no indication as th the basis on which the Ry. earnings have been calculated; and the question of examining the railway finance should, in my opinion, be taken up at a very early date. From Budget head 21 it is observed that the total net receipts under State Railway worked by the Company is only 15,65,000 which comes to considerably less than 50 per cent of the Gross. This is not a satisfactory arrangement.

Turning again to the Statement 21 A, - State and Aided Railways worked by Government it is found that out of 4 concerns the net earnings come to only Rs.39,000 whereas the total gross is 252,000.

These figures are significant and clearly show that something is radically wrong as regards the management of these railways.

Additional provision has to be made for the special duty proposed to be sanctioned in the Secretariat for departmental manuals etc., unless this can be met from the budget grant of Rs.8,256 sanctioned on the 19th May 1916 on account of the Efficiency Audit Branch.

Under General Administration there is an estimated expenditure of Rs.2,29,100 on the establishment of the Economic Conference although the accounts for 1914-15 are 1,90,000. It is a matter for consideration, having regard to the financial stress whether this expenditure should not be cut down to 2 lakhs.

Under Jails, I would suggest that the economic output of the Central Jail should be taken into consideration so as to make the Jails self-supporting. This will considerably reduce the Jail budget. I understand there is already

08

a scheme before the Government on the subject.

Police reform is urgent and if a sum of Rs.25,000 can be found by reducing other grants, I should be inclined to provide that amount as a small beginning. Perhaps instead of providing one lakh for water supply of towns and town planning operations, 50,000 for water supply and 25,000 for town-planning may be provided, the remaining 25,000 being given for police reforms.

The Education grant even ~~taking~~ omitting the Mysore University buildings, as now provisionally settled comes to 23,96,000. This is nearly 6 lakhs in excess of the revised estimates in the current year. The departmental budget as framed by the Comptroller shows 20,81,000; the Head of the Department applied for 20,73,000. I have not finally approved of the Education budget from which the Secretariat took the figure 28,58,000. In the Council, the suggestion I made, to give a total grant of 2 lakhs to Village Elementary Schools and 50,000 to the two Technical Schools making an additional grant of 2½ lakhs over what was applied for by the Inspector General, was accepted.

19 1

Item 43 of the list for consideration was not, however, taken into account by over-sight. It is necessary to provide 4,000 as lump sum provision for temporary teachers. 3½ lakhs on account of the University buildings having been taken away, I consider that the budget estimate for expenditure of the Education grant can safely be fixed at 23,96,000 ~~Rupees~~, giving the Department option to work up to 24 lakhs which may be the figure if the additional 4,000 is added as proposed above.

In short, with reference to the latest Memorandum of the Comptroller which gives roughly the figures arrived at in Council, my recommendations now are -

(i) That the total estimate of revenue at Rs.285,68,000 may be accepted; but that an additional sum of one lakh be added under Sandalwood Oil factory, for reasons given below:-

Mr.Chatterton is able to guarantee another additional lakh of rupees from the Sandalwood Oil factory without any difficulty, probably more will be derived; only he wants an additional capital outlay of Rs.25,00. These figures may be adopted.

(ii) That the Education budget may be limited to 24 lakhs.

(iii) That the list of additional grants as approved of by Council may be confirmed.

(iv) That provision be made for the following additionally:

Separation of the executive & judicial functions..... ...	25,000
Police Reforms.....	25,000
Sanitary re-organization.....	5,000
Special Outside Inspection of the Account Department.....	10,000
Additional establishment for expediting Re-settlement operations.....	20,000
(We are losing 2 lakhs nearly annually for delay in introducing re-settlement. Please see my note on the subject).	
Forest Settlement.....	5,000

NET RESULT.

REVENUE.

Comptroller's final figures.....	285,68,000
Add - Industries & Commerce, Sandalwood Oil Factory.....	1,00,000
	286,68,000

EXPENDITURE.

Comptroller's figure.....	284,68,000	
Add - For temporary teachers, making total Education grant, 24 lakhs...		4,000
Revision of estt: of Chief Court.		6,000
Total of recommendations under (iv)		90,000
		285,68,000

THIS LEAVES A SURPLUS OF ONE LAKH.

10 6 26

C1934

(2)

Proposals of the Finance Department in respect of the points dealt with in the First Member's minute dated 10th June 1916 on the Draft Budget for 1916-1917.

Reference to 1st Member's minute Page .. Line

1. This minute contains some observations of a general character which it is not necessary to discuss for our immediate purposes viz., the framing of the Budget for 1916-1917. They are dealt with in a separate note attached hereto.

2. The proposals contained in that note which affect the budget as it now stands (Vide F.D. note dated 8th June 1916) are:----

Add under Revenue

Sandal-Oil Factory ...	Rs.	1,00,000

Add per contra under Expenditure

Separation of the Executive and Judicial functions	25,000
Police Reforms	25,000
Sanitary re-organisation	5,000
Special outside Inspector of the Account Department ...	10,000
Additional establishment for expediting re-settlement operations	20,000
Forest settlement ...	5,000
For temporary teachers, making total education grant 24 lakhs	4,000
Revision of establishment of Chief Court.	6,000
Rs	1,00,000

3. I am not in favour of raising the estimate of revenue from the Sandalwood oil factory for the following reasons:----

i. The foreign manufacturer of sandal oil are not likely to admit a rival in the field with out a severe struggle in the courese of which prices may be forced down by competition.

ii. Tariff barriers may be raised against our product in foreign countries which may seriously affect prices.

iii. We have yet to see how far our market for sandalwood itself will be affected by our undertaking distillation. any gain under oil may be more than counterbalanced by loss under wood.

In short in the very first year when the whole venture is yet on new and uncertain grounds I am strongly opposed to the raising of the sandal-oil factory revenue at the last moment as a budget-balancing measure.

4. As regards the additional items of expenditure now proposed by the First Member I think that in the financial situation of the present times none of them can be considered absolutely necessary. General reforms, reorganisations and outside inspections can afford to wait Expediting resettlements is really important but there have been considerable lapses of funds in the budget of the Survey Department during the last two years as shown in the margin and the amount which the First Member wants (Rs. 20,000/-) being less than the usual lapses should be met by re-appropriation from the provisionally sanctioned budget of the Survey Department for 1916-1917 without any additional grant being sanctioned.

1914-1915 ...	33,000
1915-1916 ...	23,000

5. I, therefore, suggest that the estimates as revised in accordance with the instructions of the Council and circulated with my note dated 8th June 1916 be finally adopted for submission to His Highness the Maharaja.

JDV/6-15

15/6

Detailed explanation on the points referred to in the First Member's minute dated 10th June 1916.

---:---:---

Reference to 1st Member's minute.		
Page. ...	Line.	
1	1 to 3	1. Financial Department is not responsible for the heavy programme of the Council meeting. On the other hand the Finance Department wanted a separate special meeting for Budget alone.
,,	4 to 5	2. The First Member noted in the file that 2 days would be required for studying the Budget. The Budget has to pass through so many stages that at times it is not possible to give more time.
,,	7 to 9	3. The First Member has got mixed up as regards the functions of the Comptroller and those of the Financial Secretary regarding the Budget. It was the Financial Secretary who explained to him that the papers were meant to be kept for study and not to be returned.
,,	12 to 14	4. The time allowed is <u>not</u> short because all the detailed budgets are supposed to have been previously studied by all concerned.
,,	23 to 25	5. The Comptroller's budget was two weeks <u>not</u> three weeks late it having been submitted on 1st June 1916. Considering the fact that some Departmental budgets, e.g., that of the Chief Court, were received by the Comptroller about two months late inspite of repeated reminders by him it will be seen that the Comptroller made up to a great extent for delays on the part of others.
,, 2	1 to 14 2	6. The dates do not require alteration but the administrative departments of Government should enforce the punctual submission of departmental

Reference to 1st Member's minute		estimates.
Page ...	Line	
2	7 to 16	7. These remarks are based on misapprehension. In all budget systems the scrutiny of the Departmental Budgets must precede the comprehensive review. That is what is done here. After the departmental budgets are scrutinized the lists are totalled and a thorough general review of the situation as a whole undertaken. The Secretariat note date 3rd June 1916 was purposely brief and followed the previous year's notes so as not to add to the number of lengthy papers in the Budget file and create con fusion. It was attempted therein to give a clear idea of the situation. It is not the practice to attempt balancing the Budget in that note. In the Council Meeting a brief note was given showing how the Budget could be made to balance. Practically all my suggestions were adopted. I take strong objection to the Finance Department note being characterised as perfunctory, but this is probably due to the First Member's unfamiliarity with the local practice.
3	1 to 8	8. This had been proposed in the Departmental bud get and accepted by the Finance Department and I do not see why this point is again discussed at this stage.
,,	9 to 12	9. This was one of the suggestions made by Comptroller and accepted by the Finance Department. The First Member also agrees in this. The necessity of raising and discussing it again is not clear.
,,	13 to 19	10. This suggestion was made by the First Member and was agreed to.
,,	20 to 27	11. I must with due deference warn all concerned against

Reference to 1st Member's minute.

Page. ... Line

against dealing with budget totals in the way indicated by the First Member. "There is no reason" he says, "why the general estimates of receipts should fall below even the actuals of 1914-1915 which was just over 282½ lakhs". "Hence even 284 lakhs would be a very safe mean figure to adopt". If revenue totals could be accepted for budget purposes in this summary fashion without study of details and allowing for extraordinary factors, things would indeed be easy. To illustrate this by a single example, I may point out that the receipts for 1914-1915 contain an extraordinary item of 9½ lakhs on account of accumulated surplus of Civil and Military Station revenues. If, therefore following the First Councillor's method we were to take the revenue for 1916-1917 at 1½ lakhs above the standard for 1914-1915 we should be left at 274½ lakhs;

4 1 to 9 12. The same method of summary argument with gross totals has led the First Member to erroneous conclusions as regards expenditure also. He apprehends "Unstable financial arrangements" by comparing gross totals of expenditure of 1912-13, 1913-14, and 1914-15. The expenditure for 1914-15 included 52 lakhs of War donations; the figure for 1912-13 and 1913-14 include the capital outlay on large productive public works to the extent of 17,05 and 43,70 respectively. Such expenditure is now

Reference to 1st Member's minute.

Page. ... Line.

now shown separately as not charged to revenue under the system introduced in 1914-1915. Comparisons of such gross figures serve no useful purpose whatever and are moreover misleading.

15 to 19 13. The First Member calls the Secretariat figure of 28½ lakhs for Education "an impossible figure" but ends by demanding what is really a higher grant without eliminating any considerable item from the Secretariat budget he has agreed to an addition of Rs. 84,100 out of the items reserved for discussion at the meeting. The 24 lakhs which he now wants is comparing like with like the equivalent of 29½ lakhs thus:---

	Net grant proposed	24	lakhs.
(a)	Deducted as probable savings which will be included in detailed budget and be thus available under the respective heads.	2	..
(b)	University Buildings ...	3½	..
		29½	lakhs

The suggestions for the ~~transfers~~ adjustment (a) and (b) which are a mere matters of account and not real savings so far as the Education budget is concerned were proposed by me and accepted by the Council. It is therefore, not clear what reductions have been made by the First Member in the Education Budget and how he has reduced "impossible figures" to possible ones.

.. 25 to 26 14. These items were selected out of the list after considerable discussion with the approval of all concerned.

(26

Reference to 1st Member's minute. Page....	Line.	
	2 to 7	15. Details are given in the Railway Department budget. The First Member may kindly specify what branch of Railway finance has received inadequate attention. Probably he is unaware of the agreements and arrangements under which the Mysore Railways are worked.
,,	10 to 16	16. These are small railways, opened very recently Besides we are working them ourselves at some deliberate sacrifice of money to gain valuable experience as a Railway working agency.
,,	17 to 21	17. The Efficiency Audit Department grant should, I think, do for this.
,,	23 to 27	18. This is for consideration and Finance Department always welcomes reductions. But it is perhaps scarcely possible to effect a reduction as all the detailed items have been scrutinised and included as necessary.
8	22 to 24	19. Rs. 4,000 has been included in the Education Budget and 4,800 deducted under Inspectors as per directions of the First Member leaving total 23,96 unaltered.

BDV/6-15

Mysb

POSTS TELEGRAPHS.

NOTICE.

This form must accompany any inquiry made respecting this Telegram.

Charges to pay.	
Rs.	As.

Office Stamp: RE 17 JU 16 G.T.O.

Handed in at (Office of Origin)	Date.	Hour.	Minute.	Service Instructions.	Words.
Bangalore	17	11	10		71

Recd. here at 11 H. 40 M.

TO Indian Ladies Magazine

Received Copy of Memorial
Regarding refusal of my Memorial
Lum Trust. During Servant
Miss Miss Banerjee unable
to address in Council The
Secretary Ladies Sister
Grounds

N/B.—The name of the Sender, if telegraphed, is written after the text.

[illegible] & Sons, Calcutta.

POSTS TELEGRAPHS.

NOTICE.

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Rs.	As.

Office Stamp.

MYSORE 17 JU 16

Handed in at (Office of Origin).	Date.	Hour.	Minute.	Service Instructions.	Words.

TO

Recd. here at H. M.

Grievances for not increasing Sandal Revenue inadequate have written guarantee from Chamberlain stand firm I cannot my Secretary from Ado with which Council may agree as regards replies to Criticism regarding budget procedure and methods

N.B.—The name of the Sender, if telegraphed, is written after the text.

Ed. Cheard & Sons, Calcutta.

POSTS TELEGRAPHS.

NOTICE.

This form must accompany any inquiry made respecting this Telegram.

Charges to pay.		Office Stamp.
Rs.	As.	

Handed in at (Office of Origin).	Date.	Hour.	Minute.	Service Instructions.	Words.

TO

Recd. here at H. M.

Shall
have any final decision
before Council next meeting
Till adhere to agreement
that budget shall not be
a Regularly dealt with in the Bud
Carial financial Memorandum
Member

N.B.—The name of the Sender, if telegraphed, is written after the text.

Lal Chand & Sons, Calcutta—

18/6/16

Issued.

Despatch 29
18/6/16.

My dear Mr. Banerji,

I received your telegram of yesterday about the Budget and placed the same before the Council for consideration. After discussion, certain provisional directions have been given to the Financial Secretary, but all the questions will again be considered and finally settled at the meeting on the 22nd instant at Bangalore.

Yours sincerely,

RC

Dewan.

18/6/16.

(P.D.)

31	Sanitary Commissioner	do ✓	[illegible] ✓	2.5.16 ✓	17.4.16 ✓
32	Economic Conference ... 2226 & 2985	do	24.2.16 & 17.4.16	25-5-16 ✓	19.5-16
33	Inspector-General of Police	20th February ✓	21 2.16 ✓	15.5.16 ✓	5.5-16 ✓
34	Senior Surgeon to Government	do	23.2-16 ✓	Subs 5.6.16 13.6.16	25-5-16 ✓
35	Registrar of the Chief Court	25th February	12.4.16 ✓	27.5.16	22.5-16.
36	Secretary, G. R. S. (Miscellaneous Budget including Donations) ...	do ✓	6.3.16	23.5.16 ✓	5-5-16 ✓
37	Comptroller (Miscellaneous Budget including Pallegar Pension and Miscellaneous.)	do	6.3.16	23.5.16 ✓	5.5-16 ✓
38	Secretary, G. R. S. (Reception and Entertainment of Guests) ...	do ✓	26.2.16 ✓	22.4.16 ✓	13.4.16 ✓
39	Military Secretary to H. H. (Reception and Entertainment of Guests)	do ✓	25.2.16 ✓	19.4.16 & 26.4.16	23.4.16 ✓
40	Inspector-General of Education	1st March ✓	21.3.16 ✓	6.6.16 ✓	27.5-16 ✓
41	Revenue Commissioner (Land Revenue Assessed Taxes, etc.) ...	do	14.3.16	25.5.16	20.5.16 ✓
42	Public Works Department	5th March ✓	7.3.16 ✓	1.4.16 ✓	...
43	Railways	do	8.3.16	10.5.16 ✓	24.4.16 ✓ (Dock YC's Supply)
44	Cauvery Power Scheme	do	1.4.16	12-5-16	...
	Industries & Commerce	15.2.16 ✓	23.2-16 ✓	9.5-16 ✓	24.4.16 ✓

DIARY OF BUDGET ESTIMATE

Serial No.	Department or Head of Department submitting the Budget Estimate	Dates on which the Budget Estimates are due (*Vide* G. O. No. Fl. 3816-60—G. F. 59-12-2, dated 15th January 13)	Date of receipt	Date of submission to Member in charge or Dewan.	
1	Superintendent, Government Museum	5th January ✓ ...	8.1.16 ✓	5.2.16 ✓	31.1.16 ✓
2	Officer in charge, Archæological Department...	do ✓ ...	7.1.16 ✓	[illegible] & 7.2.16	31.1.16 ✓
3	Do Ethnographical Department	do ✓ ...	7.1.16 ✓	[illegible] & 1.2.16	27.1.16 ✓
4	Secretary, Local Service Examinations	do ✓ ...	6.1.16 ✓	1.2.16 ✓	25.1.16 ✓
5	Do Civil Service Examinations	do ✓ ...	[illegible]	26.1.16 ✓	29.1.16 ✓
6	Muzrai Superintendent (Muzrai and Miscellaneous)	10th January ✓ ..	[illegible]	8.3.16 ✓	3.3.16 ✓
7	Officer in charge, Meteorological Department...	do ✓ ...	12.1.16 ✓	[illegible] & 22.3.16	13.3.16 ✓
8	Registrar of Co-operative Societies	do ✓ ...	12.1.16	16.2.16 ✓	5.2.16 ✓
9	Secretary, State Life Insurance	do ✓ ...	[illegible]	1.2.16 ✓	[illegible]
10	Superintendent, Revenue Survey	do ...	[illegible] ✓	5.2.16 ✓	1.2.16 ✓
11	Do Inam Department	do ✓ ...	8.1.16 ✓	21.1.16 ✓	11.1.16 ✓
12	Inspector-General of Registration	15th January ✓ ...	17.1.16 ✓	7.3.16 ✓	[illegible]
13	State Geologist	do ...	18.1.16 ✓	3.3.16 ✓	[illegible]
14	Military Secretary (Amrut Mahal Department)	do ✓ ...	17.1.16 ✓	[illegible] & [illegible]	23.2.16 ✓
15	Revenue Commissioner (Veterinary Department)	do ✓ ...	[illegible] ✓	20.3.16 ✓	[illegible] & 18.3.16 ✓
16	Superintendent, Government Gardens	20th January ✓ ...	3.[illegible].16 ✓	13.5.16 ✓	3.5.16 ✓
17	Director of Agriculture	do ✓ ...	[illegible] ✓	[illegible] ✓	25.4.16 ✓
18	Superintendent of Stationery	do ✓ ...	[illegible] ✓	[illegible] + 11.3.16	14.3.16 ✓
19	Do Government Press	do ✓ ...	24.1.16 ✓	28.2.16 & 15.3.16	11.3.16
20	President, Dasara and Industrial Exhibition	25th January ✓ ...	[illegible]	13.3.16 ✓	9.3.16 ✓
21	Inspector-General of Prisons	do ✓ ...	6.1.16 ✓	15.3.16 ✓	6.3.16 ✓
22	Secretary, General and Revenue Department (Secretariat Office) ...	do ...	10.2.16 ✓	1.[illegible].16	29.5.16 ✓
23	Comptroller (including State Huzur Treasury)	do ✓ ...	2.2.16 ✓	6.3.16 ✓	19.2.16 ✓
24	Stamp Commissioner	1st February ✓ ...	12.[illegible].16 ✓	20.3.16 ✓	11.3.16 ✓
25	Private Secretary to H. H.	do ✓ ...	19.1.16 ✓	5.2.16 ✓	2.2.16 ✓
26	Military Secretary to H. H.	do ✓ ...	18.1.16 ✓	[illegible] & 6.2.16	6.2.16
27	Chief Commandant	5th February ✓ ...	8.2.16 ✓	5.4.16 & 27.4.16	[illegible]
28	Military Secretary to H. H. (Hessarghatta and Nadamavinapura Farms, Imperial Service Transport Corps and Palace Military.)	do ✓ ...	[illegible] ✓	19.4.16 & 27.4.16	23.4.16 ✓
29	Excise Commissioner	10th February ...	18.2.16 ✓	18.5.16 ✓	10.5.16 ✓
30	Conservator of Forests	15th February ✓ ...	1.3.16 ✓	[illegible] ✓	11.5.16 ✓

(2) 20/6/16 (7)

FURTHER NOTE OF THE FIRST MEMBER ON THE BUDGET ESTIMATES of 1916-17.

.....

In continuation of the telegram of the 17th instant sent to the Dewan for being placed at the Council meeting of that date, I wish to record the following observations for consideration in Council before the Budget is finally approved.

2 The Comptroller in his explanatory note admits that the budget was two weeks' late and yet asserts that the time allowed is not short because, to quote his own words "all the detailed budgets are supposed to have been previously studied by all concerned". I give below the dates of submission by the Comptroller to the Secretariat, of the detailed budgets and the dates of submission by the Financial Branch thereof to the Member in charge. To quote one instance, the Education budget, - a very important one - was not placed before the Member in charge in due time, in fact it was finally approved only after the Council budget meeting. I must most emphatically point out that the present method relating to detailed budgets of departments is unsatisfactory for the following reasons:-

(i) The Heads of Departments are kept in the dark as to the possible amount they may work upon for the purpose of expenditure;

(ii) It necessitates a considerable revision of details at several stages, a process of appeals launched during the year in separate proceedings.

(iii) The above revisions are effected without any reference to the Member in charge and it is naturally presumed that all such revision effected by subordinate Secretariat hands is to be accepted and in toto by the Member.

(iv) There is no definite responsibility therefore, under the above procedure, in fixing the proper financial

(32

situation for the budget year in any department; the original responsibility in respect of which should remain with the Head of the Department concerned;

(v) Large lapses and surrenders take place in departmental budgets in respect of which previous intimation is not always given. Allotments have been made for schemes and measures with no preliminary arrangements ensuring that such allotments could be profitably utilized. I have only to quote the provision repeatedly made for successive years for the extension of veterinary aid as an example. Such routine provisions serve no useful purpose. Further, they give a false impression to the people. Educational allotments - under New Schools afford another example of the same kind. The current year's provision of a lakh of rupees or so has lapsed simply because no arrangements were made in time for opening these new schools.

(vi) The Financial Branch does not watch expenditure in the great spending departments every quarter so as to advise the Members in charge of the departments concerned to issue the necessary ~~xxx~~ administrative instructions in good time.

(vii) Lastly, the combination of the functions of the Comptroller and the Financial Secretary leads to many anomalies and is opposed to all sound principles of finance. It seems highly desirable to re-consider the exact functions of the two officers in view of the defects above pointed out.

My recommendations are -

(1) That the new expert outside officer be specially instructed to consider the present budget procedure and suggest suitable revision of the existing practice and rules;

(2) That the Comptroller's functions be more specifically

(33)

specifically defined and as we are going to have a separate Financial Secretary, his position be made clearer with special reference to the administrative control of the Member in charge of the Departments concerned. If the Member in charge of the Department is to have any responsibility for the proper administration of that department, it is necessary that the method and the principles of finance relating to that Department should be under his administrative control and it is necessary that it should not be taken for granted that all arrangements made are to be accepted by him as a matter of routine.

4 It is unnecessary to consider in detail the explanatory note of the Financial Secretary on my first memorandum. My experience of budget procedure and financial control which is considerable, justifies me to assert emphatically that the system adopted at least so far as the budget now under consideration is concerned, has not been satisfactory. How far the rules in force have been violated it is for the Council to determine; how far they are inadequate it is for the expert advice which we expect will be received soon, to ascertain. It is evident, however, that the budget cannot be so perfunctorily dealt with as has been done in that brief note submitted by the Assistant Secretary to the Members of Government, just on the eve of the budget meeting day. That note almost pre-supposed no scrutiny by the Members of Government but a cursory glance at the figures and I consider that such a pre-supposition is very detrimental to sound finance.

5 As regards dealing with budget totals in a general way, I would point out that extraordinary items appear in almost every year's budget and there is no proper advice or suggestion offered by the Financial Department to watch the development of the resources of the State under the main items of revenue receipts. It is necessary to scrutinize carefully

(34)

the normal heads of receipt and expenditure leaving the extraordinary items separately for calculation and to judge how far these totals fluctuate and how far such fluctuations are justified by any special or abnormal causes peculiar to any particular year. Such a general review has been found by me to be most useful and I do not see that it is in any way misleading. At all events, taking ~~one~~ the Land Revenue department alone it is perfectly clear that want of a general review of the totals has led to very little or no attention being paid to the large arrears that have accumulated from year to year.

6 I disagree with the Financial Secretary's remarks that the additional items of expenditure proposed by me are not absolutely necessary. In fact, the Member in charge of the Department ought to be a better judge in such matters than the Financial Secretary. The financial situation appears to me to be in no way abnormal and unless the actual administration of the most important departments is placed on a sound and proper working footing, I do not consider that the Government does its primary duty towards the people. The items are not large and they do not involve any very considerable outgoings. Even if it be necessary to show a deficit I consider that these items should be included.

7 As regards the objection to raise the estimate of revenue under the Sandalwood Oil Factory, the three grounds - urged have not been overlooked by Mr.Chatterton. The calculations have been made after considerable care and I give below the written guarantee that Mr.Chatterton has been able to give regarding the increased output:-

"..... there will be no difficulty in arranging to take credit for an additional profit of a lakh of rupees from the working of the Sandalwood Oil Factory during 1916-17 provided that the total capital expenditure is increased by about Rs.25,000 and I am allowed a free hand in the - matter of further development. There will be no difficulty

(35

on my part in retaining final control of the business for the Durbar during the time I am on deputation with the Govt of India should the Mysore Durbar desire that I should do so"

8 But after all, one lakh is a small matter and can be divided between Land Revenue and Forests if necessary, if the Sandalwood Oil Factory is eliminated from consideration.

9 The remark of the Financial Secretary as regards lapses in the Survey Department is apparently due to a misunderstanding on his part as to the nature of the departmental operations and the difficulties under which they labour. It is not the fault of the Survey Department that there were lapses. They are due entirely to the fact that Government have taken away the Survey establishments for other special work and left the Department absolutely starved so as to render it impotent for its legitimate duties and functions. It is therefore totally impossible to expect that any additional provision required for hurrying the settlement operations can be found by re-appropriations.

10 I still adhere to the opinion that the Education budget total is an impossible figure. But as the Financial Branch placed the Education budget before me at the very last moment and even went to the length of suggesting that no alterations in the figures could be made at that stage as it would lead to a general disturbance in the whole budget, all that I can point out is that the grave defect in the method of submitting departmental budgets to the Members precludes him from discharging his legitimate functions of supervision and control. It was this reason that more or less forced my hands to accept an impossible total of 24 lakhs and I can assure the Council that next year there would be lapses in the expenditure of the Education budget which will more than justify the conclusions I have already arrived at in this respect. There is, as already stated, a limited capacity based on departmental organizations to spend; and grants

beyond such capacity are nothing but fictitious and should not be encouraged.

As regards Railways, the undersigned has considerable experience of railway finance as he has been instrumental at least in one important case in modifying the working contract of a Native State Railway after considerable discussions which were pushed up so far high as the Secretary of State. I am convinced from the figures that the existing contract arrangements are unsatisfactory and that the Railway earnings could be considerably increased. I am also convinced that the departmental working of State Railways need not, for the mere object of gaining valuable experience of State management be worked at such enormous sacrifice as evidenced by the figures in the budget. In regard to these two matters my recommendation is that the Council pass a resolution to investigate into the present financial position of the two kinds of working, viz., (i) Company and (ii) State; and take the necessary steps to see that the percentage of working expenses to the gross receipts does not in any case exceed 50 which is the figure that has been arrived at during the recent discussions in British India for the past five years or more as the maximum that could be allowed for working by any kind of agency. If a considerable revision of the contract is not possible, I would suggest that notice be given to the Company and all the Railways in the State be worked under departmental agency under a suitable railway organization of an up to date character. I can satisfy the Council that the contract at least with the M.S.M.Railway Company (please see Article 17 thereof) is highly prejudicial to the interests of the State. The criterion that the railways pay a certain dividend on the capital is of little consequence. There is no reason why the railways should not pay a higher dividend than that received at present.

In

(37

12 In regard to the suggestion made by me to provide a sum of Rs.25,000 for the separation of Judicial and Executive functions, I would finally urge that something be done during the course of the next year towards this desirable reform and as it would take some time to work out the details, and any large expenditure is not likely to be incurred during 1916-17, any open provision is not absolutely necessary provided that the Council records a resolution to provide the requisite expenditure by transfer during the next year when the scheme is finally sanctioned. The Second Member and myself have discussed the matter at some length and we are both prepared to place before the Council a complete and detailed scheme within a month from this date which may be taken up as the basis of discussion with a view to come to a final settlement at an early date.

13 As regards police reforms, not being in charge of the Department it is not for me to urge specifically its needs. But it may not be considered out of place for me to urge that at least in one important respect the departmental organization requires immediate change viz., the staff of Inspectors. The Police Department is at present the most unpopular in the whole State. No one desires to remain there longer than he can help and it is considered to be a sort of exile for all classes of officers. This state of affairs is certainly not conducive to efficient or honest work. Police affords protection of life and property and directly deals with the welfare of the people in rural parts and it is one of the primary duties of Government to have a staff of officers who take interest in their work. It cannot be said that the Department has got such a staff at present.

20.6.

Analysis of Further Note of the 1st Member on the Budget (8) 36

Estimates 1916-'17- dated 20-6-1916.

XIII-A-

Para of Note.	Point raised -	Remarks-
2.(i).	The present method of dealing with Budget estimates is not satisfactory for the following reasons:-	
	D1 (i) Heads of Depts kept ignorant of the amounts they can work up to	Prov. Sms are com'd to Heads of Depts
2 (ii)	D2 (ii) Necessitate revision of figures at several stages and omission of grants sanctioned in separate proceedings.	~~Several~~ Revisions of figures ~~is caused~~ is a necessary factor in Budget work - Revision is done at the instance of Member of Govt. Grants sd in separate proceedings are not omitted.
2(iii)	D3 (iii) Revisions are effected by Subordinate Sectt hands without any reference to Members in Charge. and Member is to accept such figures in toto	~~The case~~ No revision of figures can take place without the knowledge & approval of the Member in Charge and there are many instances in which the figures proposed by Sectt have been altered by Members
2(iv)	D4 (iv) There is no definite responsibility in framing the proper classification for the budget; the original responsibility should remain with the Head of Deptt concerned.	The Budget is prepared by the Head of the Deptt: It is checked in the Comptr's office, the Ad.ve Br of the Sectt and the FA&BV. ~~Where~~ The allocations proposed in the Deptl Budget after ~~their~~ such scrutiny are ~~to be approved~~ placed before the Member in Charge and the final Budget is what is agreed by ~~the~~ this, the Council.
2(v)	D5 (v) Large lapses take place in respect of which previous intimation is not given and allotments are made for schemes ~~which~~ when preliminary arrangements are still incomplete.	Intimation is obtained in respect of lapses & surrenders through Heads of Depts generally under Estimated the amount of lapses no figure is ~~added~~ inserted in the Budget without the approval of the Member in charge & the Council & if allotments are made for unattainable schemes, it is not the ~~fault~~ of Deptt that it should be blamed.

	Points raised	Remarks.
2(vi)	D6. F.D does not watch Expr in spending departments and advise members in Charge to issue necessary instructions in Good Time.	what is wanted & how done is not clear. Progress of Expr is intimated to Govt in R.Br and in Adv. Br in Various returns. ~~Obviously~~ F.D. is more concerned that Depts do not in any excess Expr working upto grants is ~~done~~ the work of Advce Branches & Depts.
2 (vii)	D7. Combination of functions of Comptr / Accts, Anomalous and G.O. of 6.5.07 requires to be modified.	This arrangement of the G.O. referred to were ~~while~~ obtained both Govt of India also. The separation of functions is likely to cause friction between ~~and Administration~~ Comptr & Govt and administration in Convenience.
3. (i).	Recommendations suggested by them are outside	
Question requiring decision.	3(i) new Expert Officer to examine the Budget procedure and suggest revision of Rules & practice.	The present rules & practice re Budget are based on the report of the Kiernander ~~and Operation~~
3 (ii)	3(ii) Clear definition of the Comptroller's functions.	These are clearly defined in the G.O. ~~based~~ as the report of Mr Kiernander. Though the duties of Comptr and Pl Secy are ~~at present~~ combined in one Officer. The functions of the two officers were clearly defined and are quite distinct.
Question 2 requiring decision		
5.	It is necessary to scrutinise carefully the normal heads of revenue Expr and to see how far the total fluctuation and what the fluctuation other is due to - no proper advice or suggestion of is officially the F.D. to watch the development of the resources of the State under main heads of receipts.	There are many reports and returns received in the F.D. and in the Adv Branches for watching the progress of Revs & Expr. ~~Obviously~~ D.C.B requires eg. Revenue Statistics Preliminary return of ~~revenue~~ Expr General Statement ~~of Accounts~~
Q. 3- "	and comparative statement ~~and final~~ of accts of Each month	

Para. Points raised - Remarks.

6. It is necessary to include in the Budget the Special items referred to in his first note. This is for consideration of Govt. Finl. Dept will follow instructions. This may however give rise to more lapses as in many instances the preliminary arrangements for which Schemes are not ready.

Q. 4.

7. The estimate under Sandal oil factory may be raised by one lakh under the written guarantee of Mr Chatterton. For orders of Govt.

Q. 5.

8. Even if the above suggestion is not adopted, L.R. Grant may be raised so as to yield between them one lakh more. The heads of revenue are taken very high for (6-7) & it is not safe to raise them higher.

10. The Education figure is still impossible. Grants beyond the capacity of the dept to spend are fictitious & shd not be encouraged. The Council is assured that there will be lapses in the Education Budget next year. ~~It is hoped~~ ~~will be~~ ~~that~~ No one thinks that the entire amount will be spent. Lapses are not after all exceptional phenomena. They are common enough in British India & when the department is expanding & new schemes under consideration are in various stages some lapses are inevitable - the F.D. merely consolidates the figures "Approved by Govt". There is not a single item which is included in the Budget without approval of the Member in Charge & Council.

Q. 6.

Rys. 11. An investigation should be made into the present financial position of (1) working by Compr & (2) working by State and steps taken whether working enforces

not more than 50 % of the gross
earnings in any case -

12. Council may resind a resolution
that the amount required for separating
judicial from executive functions
during 1916 ~~shall~~ will be found by a
transfer when the Schemes &c

Q-7

13. Irrigation & Police Reforms
referred to.

Casey 28.6.16.

D. O. No. 2/3653

Langford House,
Bangalore,
20th June 1916.

My dear Sir M Visvesvaraya.

With reference to your letter dated the 11th June acknowledging the receipt of my Memorandum on the budget and my telegram of the 17th instant which you were kind enough to acknowledge in your letter of the 18th instt: I now enclose a second Memorandum embodying my final views with reference to the Financial Secretary's replies. If you see no objection, the points raised may be discussed at the next meeting of the Council.

Yours sincerely,

M Visvesvaraya
20.6.16

Sir M.Visvesvaraya, B.A., K.C.I.E.,
Dewan of Mysore.

Secretary
To be settled at a meeting of Council
22-6-16

C.S

Complete the file with this paper with the budget file & hand me at once
23/6

43

C. S. 142

5.7.16

G. R. S. 12]

General and Revenue Secretariat. | File No. | of 191 .

Serial No.

DEWAN'S ORDERS ON THE 30th JUNE 1916. (on council)

....

"Mr. Banerji's note on Budget may be circulated to the Council."

Dewan 9/7

1310
5.7.16

Steave Member's Extraordinary Member

Dewan 5/7

Leave 6-7-16 Dewan 6/7

Dewan 8.7.16. Dewan 8/7

P.D.9

NOTE—Contn. sheet.

GPB—70,000— 17-12-15

(10) 169

FIRST MEMBER'S NOTE.

...

11th July 1916.

...

POINTS ON WHICH DISCUSSION AND A RESOLUTION OF THE COUNCIL ARE SUGGESTED.

---:o:---

With reference to my two BUDGET NOTES which have been referred to in the resolution of the Council approving of the provisional budget, I suggest that the following points be discussed at a special meeting of the Council and some decision arrived at:-

(i) BUDGET PROCEDURE.-This may be referred to the expert outside officer for advice with reference to the question as to whether the existing procedure needs any amendment or not.

(ii) DATE OF SUBMISSION OF THE BUDGET BY THE COMPTROLLER. At present it is the 15th of May; and an order is necessary that this date should be strictly adhered to in future.

(iii) Rough consolidated figures should be required to be placed before the Member of Government in charge of the Financial Portfolio at least on the 1st of May, so that the Heads of Departments may be informally communicated with, with reference to the approximate grants that are likely to be allotted to enable them to make early arrangements for the next year's programme.

(iv) As regards SURRENDERS, it is necessary that the Comptroller should, through the Financial Secretary, submit to the Members in charge at the beginning of the last

last quarter of the year a statement of such surrenders so that lapses may be avoided as far as possible and the amounts profitably utilized otherwise.

(v) THE RULE AS REGARDS REVISION OF ESTABLISHMENTS, may be re-examined and made stricter if possible, so that proposals for revision may not reach Government at all times of the year but only along with the Budget.

(vi) An examination of the RAILWAY FINANCE may be undertaken with reference to the criticisms made, which I am prepared to elaborate with detailed particulars and grounds.

(vii) As there are large variations allowed between the budget and the actuals, it is necessary to add in the budget rules a PROVISION AS TO THE NECESSITY TO ADHERE TO THE BUDGET PROGRAMME as far as possible.

To the above end, a quarterly statement of the expenditure every quarter according to the budget programme may be submitted to the Member in charge.

(viii) Re-consideration of the ORDER OF 1907 - dated the 6th May 1907 referred to under (7) of my second Memorandum.

(ix) A COMPREHENSIVE REVIEW OF THE PRESENT FINANCIAL POSITION may be ordered to be made by the Financial Secretary.

(x) THE SYSTEM OF LOANING ON INVESTMENTS for augmenting the Cash balances of the State and repaying which appears to be in vogue may be examined.

At present there is no information as to the actual results of such transactions in the Budget Memorandum and it is undesirable that the permanent assets of the State should

be drawn in this fashion to carry on the ordinary administration.

It appears that a sum of Rs.31½ lakhs was drawn in the course of 1915-16 on the pledge of securities, and was repaid in the course of the year and that on account of this drawing, the State had to lose Rs.81,900 by way of interest.

(Intd.) A.R.B.

.....

" C O P Y "

Proposals of the Finance Department on the First Member's minute dated 11th July 1916.

---:::---

(1) Budget procedure: I agree. Mr. Datta, was one of the greatest budget experts in the Department and his opinion will be valuable. Our present procedure is laid down in chapter 10, Mysore Treasury Manual and may be perused.

(2) Date of submission of the Budget by the Comptroller.

This will be possible if the Comptroller is authorised to adopt figures estimated by him for Departments of which the budgets are not received by him in time. Proposals to this effect were submitted to and have been approved by the Dewan Saheb. An order will issue in the course of this week.

(3) I would suggest 1st June as the date on which rough consolidated figures should be placed before the Government. This was the date fixed in the budget Calendar this year. Totals made before the Comptroller's consolidation will not provide a satisfactory working basis. It may be noted that all Departmental budgets after they are provisionally accepted by Government are communicated to Heads of Departments, in May and June so that they are fully aware and that with fair accuracy as to what grant is going to be given to their departments.

(4) Surrenders. At present a statement of such surrenders is required to be submitted not later than the 1st May (Vide para 474, Mysore Treasury Manual). A circular is also issued every year

to

to Heads of Departments as a sort of reminder by the Finance Department to communicate such surrenders through the Comptroller.

As regards the suggestion of the Member, it is for consideration whether departments can, in fairness, be required to make surrenders four months before the lapse of the year.

(5) Revision of Establishments.

Government Order No. Fl.6994--7042
G.F.182-14-1

dated 25th May 1915 (Note to para 127, Mysore Treasury Manual) requires that proposals for revision of establishments should be submitted before the end of the 1st Quarter of the official year. If they are required to be submitted along with the budget it may not be possible to consider them fully and make provision in the budget for the ensuing year. No change is therefore desirable.

(6) An examination of the Railway Finance is desirable. Mr. Datta may be asked to do this and I shall render all necessary help. A considerable amount of work has already been done in this direction, the agreements have been analysed and studied and various financial points connected with the Mysore State Railways are now under discussion with the M.S.M.Railway authorities and the Govt. Railway Examiner.

(7) Every month statements are sent to Government showing Monthly and Progressive budget actual comparison agreeably to G.O.No.Fl.1150-1192 dated 7th February 1903 (Vide sample form put up). These serve the purpose which the First Member has in view.

69

(8) Reconsideration of the order of 1907.--

Any weakening of Financial Secretary's powers will be disastrous to the cause of financial control. On the other hand the Financial Officer's position should be further strengthened.

(9) It is desirable to make a comprehensive review of the present financial position. Mr. Datta may be requested to lay down the lines for doing this. A quinquennial review for the period from 1904-05 to 1908-09 was made by me and submitted to Government on 8th November 1910. The next review embracing 6 or 7 years will be made along the lines which Mr. Datta may suggest.

10) The system of leaning on investments:-

How far investments in paper can be used has been fully discussed in Triennial forecasts. The important point referred to by the First Member is always kept in view and a safe margin is always kept against all liabilities. Vide paras 7 to 12 and statement H. of the Triennial forecast dated 30th August 1915 herewith put up. Every year the Government Balance is worked out i.e.,-the cash assets of Government after providing in full for all liabilities--once at budget time and again at Dasara, and the situation reviewed.

VT

(12) 50

QUESTIONS RAISED BY THE FIRST MEMBER OF COUNCIL IN REGARD TO BUDGET PROCEDURE ETC.

...

Informal Proceedings of the Council Meeting on the 15th July 1 9 1 6.

.....

No.	Proposal of the First Member.	Opinion of the Council.
1.	Question of BUDGET PROCEDURE may be referred to the expert outside officer for advice with reference to the point as to whether the existing procedure needs any amendment or not.	May be approved.
2.	At present, the DATE OF SUBMISSION OF THE BUDGET by the Comptroller is the 15th May. An order is necessary that this date should be strictly adhered to in future.	The Financial Secretary should be responsible for enforcing submission of budgets on due dates.
3.	ROUGH CONSOLIDATED FIGURES should be required to be placed before the Member of Government in charge of the Financial Portfolio at least on 1st of May, so that the Heads of Departments may be informally communicated with, with reference to the approximate grants that are likely to be allotted to enable them to make early arrangements for the next year's programme.	Rough figures should be submitted by 1st May and final ones by 1st June.
4.	As regards SURRENDERS, it is necessary that the Comptroller should, through the Financial Secretary, submit to the Members in charge at the beginning of the last quarter of the year a statement of such surrenders so that lapses may be avoided as far as possible and the amounts profitably utilised otherwise.	The first Member's proposals may be approved.
5.	The rule as regards REVISION OF ESTABLISHMENTS may be re-examined and made stricter if possible, so that proposals for revision may not reach Government at all times of the year but only along with the Budget.	Proposals for revision of establishments should reach Government before the end of December every year.
6.	An examination of the Railway FINANCE may be undertaken with reference to the criticisms made, which the First Member is prepared to elaborate with detailed particulars and grounds.	The First Member may kindly elaborate the details and Mr. Datta may also be consulted in the matter. A list of all questions relating to Railway Finance and Railway administration in connection with the Companies and

No.	Proposals of the First Member	Opinion of the Council.
		and Railway Board may be prepared by the Financial Secretary in consultation with the Railway Secretary.
7.	As there are LARGE VARIATIONS allowed between the budget and the actuals, it is necessary to add in the budget rules a provision as to the necessity to adhere to the budget programme as far as possible. To the above end, a QUARTERLY statement of the expenditure according to the budget programme may be submitted to the Member in charge of the department concerned.	The monthly statements prepared at present showing the comparison between the budget ~~provision~~ and the actual ~~expenditure~~, from month to month are sufficien for the purpose in view. But they should be circulated to the COUNCIL.
8.	Re-consideration of the ORDER OF 6TH MAY 1907.	This may be dealt with separately.
9.	A comprehensive REVIEW OF THE PRESENT FINANCIAL POSITION may be ordered to be made by the Financial Secretary.	The next review may be made by the Financial Secretary, after consulting Mr. Datta as to the lines of review.
10.	The system of LEANING ON INVESTMENTS for augmenting the Cash balances of the State and repaying which appears to be in vogue may be examined. At present there is no information as to the actual results of such transactions in the Budget Memorandum and it is undesirable that the permanent assets of the State should be drawn in this fashion to carry on the ordinary administration.	Nil. Note.-In view of the information placed before the Council by the Financial Secretary, the First Member did not press the point.

52

G. R. S. 26]

SUBJECT.....

1/17/8

Diary No. of letter replied to.....

G.7 Section
File No. 75-16
Serial No. 1

General and Revenue Secretariat
( )
, *the* 191 .

No. H 1092
& 23-8-16

Date of issue 23-8-16

To The Comptroller

Signed by W Shenanigan

Sir,

I am directed to point out that the due date of Submission of the Consolidated budget is the 15th May. ~~Thee~~ The budget for 1916-17 was received on the 1st June 16. I am to request that necessary arrangements may be made to Submit

over.

G.H.W. 2/9/16

53

the budget punctually on the due date.

I am to add that in G.O. No: H 568-617-G.F. 220-15-1 dated 24th July 16, delay in submission of budgets by departmental officers has been duly noticed.

I have &c.

14/8

Fin Secretary

14/8

Lor
15/8/16

List of enclosures.

Copied by

Examined by

GPB—20,000—14-2-14

26/8

54

G.R.S. 28]

97 File No. 75-16
Serial No. 2

Diary No. of letter replied to

Proceedings of the Government of His Highness the Maharaja of Mysore

GENERAL AND REVENUE SECRETARIAT.
( )

, *the* 191 .

READ—

Date of issue 30th August/16

Signed by M S Ramaswamy

No. 76 1325
& 30th August/16

ORDER THEREON—No.

~~It is kept Govt informed as to how the Bud~~

The Comptroller to Govt is requested to Submit by the 1st May of every year rough figures relating to Assembling Demands under the Several

Joenable Govt to ascertain how the Budget is likely to be & the Standard and the grants that may be made to the several Depts.

over.

SUBJECT.

GPB—50,000—1-12-12

55

departments

~~heads of the budget for~~

~~the next official years and~~

~~final~~ revised figures by 1st June.

To The Comptroller to Govt.

Hon'ble
19/8/16
21.

3 2618

5

G.R.S. 28]

G.7 File No. 7516
Serial No. 3

*Diary No. of letter replied to*_____

Proceedings of the Government of His Highness the Maharaja of Mysore

GENERAL AND REVENUE SECRETARIAT.
( )

, *the* 191

READ ~~again~~

Govt Pro No 71 6994 – 7042 – G.T. 182-14-1 dated 25th May 1915 directing that ~~xx~~ all proposals for the revision of

Date of issue 30-8-16

Signed by M. Shamanna

ORDER THEREON.—No.

establishments should be submitted to Govt ~~before~~ within the first quarter of the official year.

S.

(2) Secretariat letter No 71 2761 GT ~~dated~~ 192-15-2 dated

T

over.

SUBJECT.

GPB—50,000—1-12-12

5

57.

11th July 1916 to the Comptroller
to Govt authorising him to
return, without Verification, all
proposition Statements received
after the close of the first quarter
of an official year, in the absence
of a special Govt. calling for
them -

Order thereon. No H 1326-75
& 30 August /16

In Modification of the orders
read above, Govt are pleased
to extend to the end of December of each year
the period during which
proposals for the revision of
establishment may be submitted
to Govt and proposition
Statements may be Verified and
forwarded by the Comptr. - Supt
when called for by Govt. Such proposals
shall not be submitted after the close of the
calendar year.

4/25 DM

Print.
SO
4

W
Fwl Secy.

To The Comptr to Govt
Other heads of Departments.